



**FINAL
FISCAL NOTE**

Drafting Number: LLS 10-0113
Prime Sponsor(s): Rep. Gerou
Sen. Scheffel

Date: May 18, 2010
Bill Status: Postponed Indefinitely
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TITLE: CONCERNING A PROHIBITION ON REDUCING THE AMOUNT OF ACTUAL VALUE OF RESIDENTIAL REAL PROPERTY QUALIFYING FOR EXEMPTION FROM PROPERTY TAXATION FOR QUALIFYING SENIORS AND QUALIFYING DISABLED VETERANS IN ANY PROPERTY TAX YEAR IF THE GENERAL ASSEMBLY AUTHORIZES A NET INCREASE IN THE NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES OF THE STATE IN THE ANNUAL GENERAL APPROPRIATION ACT FOR THE FISCAL YEAR COMMENCING DURING THE PROPERTY TAX YEAR.

Summary of Legislation

This bill establishes a minimum senior and disabled veteran homestead exemption of 50% of the first \$200,000 in actual value of residential real property in any fiscal year in which the General Assembly authorizes a net increase in the number of state employee FTE greater than 1.5 percent. Under current law, qualifying senior and disabled veteran households already are allowed a property tax exemption of 50 % of the first \$200,000 in actual value on residential real property.

The bill also requires, on or before June 15 of each year, that the staff director of the Joint Budget Committee provide to the Property Tax Administrator and to the Revisor of Statutes a written certification of the net percentage change in state employee FTE authorized for the coming fiscal year. The bill was postponed indefinitely by the House Appropriations Committee on March 5, 2010.

Background

In the 2000 general election, Referendum A, commonly known as the homestead exemption, was passed by the voters. The exemption from property taxes applies to 50 percent of the first \$200,000 of actual value for homeowners aged 65 or over. Furthermore, eligibility rules require that the homeowner must have owned and lived in the home for the previous ten years. The enacting legislation reserved the right of the General Assembly to adjust the amount of actual value exempted, but not the percentage. In the 2006 general election, the homestead exemption was extended to disabled veterans who have a 100 percent permanent and total disability rating from the U.S. Department of Veterans Affairs as a result of a service-connected disability.

SB 09-276 suspended the exemption for the 2009 property tax year for qualifying senior citizens by altering the exemption to read "50 percent of zero dollars of actual value of residential real property". That bill was assessed as reducing General Fund Revenue by \$825,000 and General Fund Expenditures by \$90.4 million, based on the March 2009 Legislative Council forecast. For FY 2010-11 and FY 2011-12, based on the December 2009 forecast, the exemption would be worth \$96.4 million and \$102.4 million respectively.

Assessment

Because the senior homestead and disabled veteran exemption is currently in place (it was only suspended for 2009), the requirement of a senior and disabled veteran homestead exemption in years when state employee FTE increase by more than 1.5 percent does not affect state or local revenue or expenditures. Thus, this bill is assessed as having no fiscal impact

Departments Contacted

Local Affairs

Legislative Council Staff

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